

May 27, 2021

Bottom Line: Nifty has arrived at the channel resistance on short term charts, strong move above 15320 is required to continue the rally. 15150 is the immediate support level.

Latest Webinar – [Myth: Nifty Correlation with Crypto Bitcoin Crash](#) on YouTube channel @KyalAshish.

Nifty Daily chart:



Nifty 60 mins chart:



Wave analysis:

Nifty had a minor Gap up opening post which throughout the day it continued to move higher and touched the high of 15319 levels. At the end, it managed to close near days high at 15300 levels by gaining around 93 points. Sector wise Midcap and Smallcap sector closed on the flat to positive note where as Bank Nifty had a range bound day. IT, Media and Realty sector provided the support whereas profit booking in Energy, Metal and Commodities index was witnessed. On the other side, India VIX gained more than 10.00% in last session. Rising VIX is a sign of worry and hence we need to keep a close tab on it for next few days.

The daily chart of Nifty shows that prices are now 100-130 points away from the life time highs. In the last session it again managed to protect the lows of the prior bars and closed on the positive note forming small Bullish candlestick pattern. So over short term, this is the important reactive technique which one should use to follow the trend. As per this only close below 15200 will indicate that retracement has started of the recent rise.

ROC is showing interesting behavior. Here in the current rally, slow and steady rise in ROC is ongoing as against to the sharp rise seen in last few occasions. This clearly indicates that ongoing rise has been slower in nature which one should keep in mind. On the other side, medium term investors should use Ichimoku Cloud zone as support zone to ride the current trend.

The 60 mins chart shows that prices are close to the channel resistance and at the same time RSI exhibits negative divergence which is the sign of loss of momentum. Hence from hereon strong close above 15320 is required to continue the upside momentum or else any move below 15150 will suggest that minute wave iv of wave c has started.

In short, post the recent rally prices are testing the channel resistance and hence only daily close above 15320 level will continue the upside rally from hereon. Any break of 15150 can result into retracement of the recent rally towards blue channel support lines near 15000 levels. Today being the monthly expiry volatility can be high!

Trading Strategy: In previous update we mentioned that "Long positions can be created above 15270 with 15220 as stop and target of 15320 levels" BANG ON! Nifty moved as expected and touched intraday high of 15319.90. For today, long positions can be created above 15325 with 15275 as stop and target of 15370 levels. Short positions can be created below 15190 with day's high as stop and target of 15140 levels.



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